

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Room 3416, 700 West Capitol Avenue
Little Rock, Arkansas 72201

AR NOTICE LP-116

For: All FSA County Offices

On-Farm Visits for LDP Spotchecks

Approved by: State Executive Director



1 Overview

A Background

In some County Offices, heavy workload and reduced staffing have had a direct effect on completion of spot checks. Handbook 8-LP (Rev. 1), Part 5, provides the requirements for spot-checking marketing assistance loans and LDP's.

B Purpose

This notice reminds County Offices of the requirement to complete spot checks in a timely manner. It also provides authorization to use written notification as an alternative to farm visits for spot checks for **LDP's only**.

As required by Handbook 8-LP (Rev. 1), paragraph 516, the State Office and District Directors concur with the use of this procedure.

2 County Office Action

A Spot Checking Loans

All *random* selections for outstanding loans **require** a farm visit for the spot check. If a field assistant is not available, other trained County Office employees will complete these spot checks.

Review 8-LP (Rev. 1), paragraph 516 D, for instructions on when to measure *related* loans at the same storage location as random loan selections.

Continued on next page

Disposal Date	Distribution
January 01, 2006 01/25/05	All County Offices

2 County Office Action (Continued)

B Spot Checking LDP's

This notice authorizes County Offices to reduce on-farm visits for all *random* selections of LDP spot checks, **including eLDP's**. County Offices choosing to use this alternative shall:

- send the producer a notification letter that identifies the options available for providing production evidence. A sample notification letter is provided in Exhibit 1.
- include the statement, "Failure to provide acceptable production evidence may result in repayment of the entire LDP amount, plus applicable interest."
- monitor all letters and determine when production evidence is due.
- collect unearned LDP amounts, plus interest, according to paragraph 539.

C Related LDP Selections on Same Storage Site

Do not use the notification letter for related LDP's located at the same storage site as outstanding loans selected for random spot checks. For those related LDP's, perform a visual spot check.

D Recording Spot Checks

When written notification is used as an alternative to farm visits for LDP spot checks, results for the Monthly Spot Check Performance Report shall be recorded as follows:

- if the producer provides total acceptable production evidence for the LDP before the Performance Report is completed for the month, record as a "Check Completed".
- if total acceptable production evidence for the LDP has not been provided at the time the Monthly Spot Check Performance Report is being prepared, notate at the bottom of the report the number of LDP random selections awaiting acceptable production evidence.

Sample Notification Letter

Dear _____:

Each month a number of farm-stored commodity loans and loan deficiency payments (LDP) are randomly chosen for spot check. Your LDP listed below was recently selected. As a result of this selection, you are required to provide acceptable production evidence for this LDP.

Crop Year _____ LDP# _____ Commodity _____ Bu./Cwt. _____

For quantities still on the farm, you may request and pay for measurement service and use those measurements as final production evidence. If you have used any of the grain for feed or seed, please contact our office.

You will need to provide production evidence by the **earlier** of the following:

- 15 calendar days after the commodity is sold.
- _____. (The last day of the ninth month after the month in which the LDP was disbursed)

Failure to provide acceptable production evidence may result in repayment of the entire LDP amount plus applicable interest.

Thank you for your cooperation in providing this information.

Sincerely,

County Executive Director